Cboe Global Markets, Inc.
Form 10-Q
August 03, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10 Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 001 34774

Cboe Global Markets, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	20 5446972
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

400 South LaSalle Street Chicago, Illinois	60605
(Address of Principal Executive Offices)	(Zip Code)

(312) 786 5600

(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b 2 of the Exchange Act.

Large accelerated filer	Accelerated filer	Non-accelerated filer	(Do not check if a smaller reporting company
Smaller reporting company	Emerging growth company		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b 2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

Class	July 27, 2018
Common Stock, par value $0.01	111,818,750 shares

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CERTAIN DEFINED TERMS

Throughout this document, unless otherwise specified or the context so requires:

- "Cboe," "we," "us," "our" or "the Company" refers to Cboe Global Markets, Inc. and its subsidiaries.
- "ADV" means average daily volume.
- "ADNV" means average daily notional value.
- "Bats Global Markets" and "Bats" refer to our wholly-owned subsidiary Bats Global Markets, Inc., now known as Cboe Bats, LLC, and its subsidiaries.
- "BYX" refers to Cboe BYX Exchange, Inc., a wholly-owned subsidiary of Cboe Global Markets, Inc.
- "BZX" refers to Cboe BZX Exchange, Inc., a wholly-owned subsidiary of Cboe Global Markets, Inc.
- "C2" refers to Cboe C2 Exchange, Inc. a wholly-owned subsidiary of Cboe Global Markets, Inc.
- "Cboe Chi-X Europe" refers to our broker-dealer entity, Cboe Chi-X Europe Limited, a wholly-owned subsidiary of Cboe Global Markets, Inc., operated in the United Kingdom.
- "Cboe Europe Equities" refers to Cboe Europe Limited, a wholly-owned subsidiary of Cboe Global Markets, Inc., the U.K. operator of our Multilateral Trading Facility ("MTF"), and our Regulated Market ("RM"), under its Recognized Investment Exchange ("RIE") status.
- "Cboe FX" refers to Cboe FX Holdings, LLC, a wholly-owned subsidiary of Cboe Global Markets, Inc.
- "Cboe Options" refers to Cboe Exchange, Inc., a wholly-owned subsidiary of Cboe Global Markets, Inc.
- "Cboe SEF" refers to Cboe SEF, LLC, our swap execution facility that is a wholly-owned subsidiary of Cboe Global Markets, Inc.
- "Cboe Trading" refers to our broker-dealer entity, Cboe Trading, Inc., a wholly-owned subsidiary of Cboe Global Markets, Inc., operated in the United States.
- "CFE" refers to Cboe Futures Exchange, LLC, a wholly-owned subsidiary of Cboe Global Markets, Inc.
- "CFTC" refers to the U.S. Commodity Futures Trading Commission.
- "EDGA" refers to Cboe EDGA Exchange, Inc., a wholly-owned subsidiary of Cboe Global Markets, Inc.
- "EDGX" refers to Cboe EDGX Exchange, Inc., a wholly-owned subsidiary of Cboe Global Markets, Inc.
- "Exchanges" refers to Cboe Options, C2, BZX, BYX, EDGX, and EDGA.
- "FASB" refers to the Financial Accounting Standards Board.
- "FCA" refers to the U.K. Financial Conduct Authority.
- "GAAP" refers to Generally Accepted Accounting Principles in the United States.
- "Merger" refers to our acquisition of Bats Global Markets, completed on February 28, 2017.
- "OCC" refers to The Options Clearing Corporation.
- "OPRA" refers to Options Price Reporting Authority, LLC.
- "SEC" refers to the U.S. Securities and Exchange Commission.
- "SPX" refers to our S&P 500 Index exchange-traded options products.
- "VIX" refers to the Cboe Volatility Index methodology.

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TRADEMARK AND OTHER INFORMATION

Cboe®, Bats®, BYX®, BZX®, Cboe Options Institute®, Cboe Vest®, Cboe Volatility Index®, CFE®, EDGA®, EDGX®, LiveVol® and VIX® are registered trademarks, and Cboe Global MarketsSM, Cboe Futures ExchangeSM, C2SM, SilexxSM and SPXSM and are service marks of Cboe Global Markets, Inc. and its subsidiaries. Standard & Poor's®, S&P®, S&P 100® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC and have been licensed for use by Cboe Exchange, Inc. Dow Jones®, Dow Jones Industrial Average®, DJIA® and Dow Jones Indexes are registered trademarks or service marks of Dow Jones Trademark Holdings, LLC, used under license. MSCI, and the MSCI index names are service marks of MSCI Inc., used under license. Russell® and the Russell index names are registered trademarks of Frank Russell Company, used under license. FTSE® and the FTSE indexes are trademarks and service marks of FTSE International Limited, used under license. All other trademarks and service marks are the property of their respective owners.

This Quarterly Report on Form 10-Q includes market share and industry data that we obtained from industry publications and surveys, reports of governmental agencies and internal company surveys. Industry publications and surveys generally state that the information they contain has been obtained from sources believed to be reliable, but we cannot assure you that this information is accurate or complete. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Statements as to our market position are based on the most currently available market data. While we are not aware of any misstatements regarding industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors. We refer you to the “Risk Factors” in Part II, Item 1A of this Quarterly Report on Form 10-Q and our other filings with the SEC.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10 Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve a number of risks and uncertainties. You can identify these statements by forward-looking words such as "may," "might," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," and the negative of these terms and other comparable terminology. All statements that reflect our expectations, assumptions or projections about the future other than statements of historical fact are forward-looking statements, including statements in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this report. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from that expressed or implied by the forward-looking statements. In particular, you should consider the risks and uncertainties described under “Risk Factors” in Part II, Item 1A of this Quarterly Report on Form 10 Q and our other filings with the SEC.

While we believe we have identified the risks that are material to us, these risks and uncertainties are not exhaustive. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible to predict all risks and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Some factors that could cause actual results to differ include:

- the loss of our right to exclusively list and trade certain index options and futures products;
- economic, political and market conditions;
- compliance with legal and regulatory obligations;
- price competition and consolidation in our industry;
- decreases in trading volumes, market data fees or a shift in the mix of products traded on our exchanges;
- legislative or regulatory changes;
- increasing competition by foreign and domestic entities;
- our dependence on and exposure to risk from third parties;
- our index providers' ability to maintain the quality and integrity of their indexes and to perform under our agreements;
- our ability to operate our business without violating the intellectual property rights of others and the costs associated with protecting our intellectual property rights;
- our ability to attract and retain skilled management and other personnel, including those experienced with post-acquisition integration;
- our ability to accommodate trading volume and transaction traffic, including significant increases, without failure or degradation of performance of our systems;

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- our ability to protect our systems and communication networks from security risks, including cyber-attacks and unauthorized disclosure of confidential information;
- challenges to our use of open source software code;
- our ability to meet our compliance obligations, including managing potential conflicts between our regulatory responsibilities and our for-profit status;
- damage to our reputation;
  - the ability of our compliance and risk management methods to effectively monitor and manage our risks;
- our ability to manage our growth and strategic acquisitions or alliances effectively;
- unanticipated difficulties or expenditures relating to the Merger, including, without limitation, difficulties that result in the failure to realize expected synergies, accretion, efficiencies and cost savings from the Merger within the expected time period (if at all), whether in connection with integration, migrating trading platforms, broadening distribution of product offerings or otherwise;
- restrictions imposed by our debt obligations;
- our ability to maintain an investment grade credit rating;
- potential difficulties in our migration of trading platforms and our ability to retain employees as a result of the Merger; and
- the accuracy of our estimates and expectations.

For a detailed discussion of these and other factors that might affect our performance, see Part II, Item 1A of this Report. We do not undertake, and expressly disclaim, any duty to update any forward-looking statement whether as a result of new information, future events or otherwise, except as required by law. We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this filing.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Cboe Global Markets, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(unaudited)

(in millions, except par value data and share amounts)

	June 30, 2018	December 31, 2017
Assets		
Current Assets:		
Cash and cash equivalents	$ 140.0	$ 143.5
Financial investments	131.8	47.3
Accounts receivables, net	252.2	217.3
Income taxes receivable	46.9	17.2
Other current assets	13.1	9.4
Total Current Assets	584.0	434.7
Investments	88.7	82.7
Land	4.9	4.9
Property and equipment, net	65.4	73.9
Goodwill	2,701.3	2,707.4
Intangible assets, net	1,813.0	1,902.6
Other assets, net	59.6	59.5
Total Assets	$ 5,316.9	$ 5,265.7
Liabilities, Redeemable Noncontrolling Interest and Stockholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 170.9	$ 153.8
Section 31 fees payable	189.9	105.6
Deferred revenue	17.4	15.4
Income taxes payable	—	2.6
Current portion of long-term debt	299.5	—
Contingent consideration liabilities	2.2	56.6
Total Current Liabilities	679.9	334.0
Long-term debt	914.6	1,237.9
Income tax liability	81.1	78.8
Deferred income taxes	473.5	488.2
Other non-current liabilities	8.8	6.8
Commitments and Contingencies		
Redeemable Noncontrolling Interest	9.4	9.4
Stockholders' Equity:		

Preferred stock, $0.01 par value: 20,000,000 shares authorized, no shares issued and outstanding at June 30, 2018 and December 31, 2017	—	—
Common stock, $0.01 par value: 325,000,000 shares authorized, 125,040,472 and 112,107,466 shares issued and outstanding, respectively at June 30, 2018 and 124,705,786 and 112,741,217 shares issued and outstanding, respectively at December 31, 2017	1.2	1.2
Common stock in treasury, at cost, 12,933,006 shares at June 30, 2018 and 11,964,569 shares at December 31, 2017	(665.9)	(558.3)
Additional paid-in capital	2,646.1	2,623.7
Retained earnings	1,134.0	993.3
Accumulated other comprehensive income, net	34.2	50.7
Total Stockholders' Equity	3,149.6	3,110.6
Total Liabilities, Redeemable Noncontrolling Interest and Stockholders' Equity	$ 5,316.9	$ 5,265.7

See accompanying notes to condensed consolidated financial statements.

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Cboe Global Markets, Inc. and Subsidiaries

Condensed Consolidated Statements of Income

(unaudited)

(in millions, except per share data)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Revenues:				
Transaction fees	$ 464.8	$ 453.9	$ 1,011.9	$ 710.3
Access fees	31.2	29.7	59.8	47.5
Exchange services and other fees	21.0	19.9	43.0	35.3
Market data fees	52.5	48.0	106.7	70.5
Regulatory fees	89.3	83.3	205.6	121.6
Other revenue	8.7	6.0	18.2	11.8
Total revenues	667.5	640.8	1,445.2	997.0
Cost of revenues:				
Liquidity payments	271.1	266.5	574.0	371.8
Routing and clearing	9.8	12.2	20.1	18.5
Section 31 fees	81.1	74.6	189.9	104.6
Royalty fees	22.0	20.6	49.2	41.8
Total cost of revenues	384.0	373.9	833.2	536.7
Revenues less cost of revenues	283.5	266.9	612.0	460.3
Operating expenses:				
Compensation and benefits	57.4	50.0	116.3	97.8
Depreciation and amortization	50.4	55.8	104.6	80.9
Technology support services	11.8	12.0	23.9	19.5
Professional fees and outside services	17.3	16.9	35.3	31.3
Travel and promotional expenses	3.5	4.2	7.2	7.5
Facilities costs	2.9	2.7	5.3	4.8
Acquisition-related costs	8.6	4.7	17.4	69.9
Other expenses	2.5	2.8	5.2	4.7
Total operating expenses	154.4	149.1	315.2	316.4
Operating income	129.1	117.8	296.8	143.9
Non-operating (expenses) income:				
Interest expense, net	(9.3)	(12.5)	(18.9)	(20.4)
Other income	—	0.8	1.3	0.9
Income before income tax provision	119.8	106.1	279.2	124.4
Income tax provision	36.8	38.1	78.1	41.2
Net income	83.0	68.0	201.1	83.2
Net loss attributable to redeemable noncontrolling interest	0.3	0.3	0.6	0.6
Net income excluding redeemable noncontrolling interest	83.3	68.3	201.7	83.8
Change in redemption value of redeemable noncontrolling interest	(0.3)	(0.3)	(0.6)	(0.6)
Net income allocated to participating securities	(0.6)	(0.7)	(1.4)	(0.8)

Net income allocated to common stockholders	$ 82.4	$ 67.3	$ 199.7	$ 82.4
Basic earnings per share	$ 0.74	$ 0.60	$ 1.78	$ 0.81
Diluted earnings per share	$ 0.73	$ 0.60	$ 1.77	$ 0.81
Basic weighted average shares outstanding	112.0	112.1	112.2	102.1
Diluted weighted average shares outstanding	112.3	112.5	112.6	102.3

See accompanying notes to condensed consolidated financial statements.

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Cboe Global Markets, Inc. and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income

(unaudited)

(in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income	$ 83.0	$ 68.0	$ 201.1	$ 83.2
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(40.9)	27.1	(15.5)	30.2
Unrealized holding gains on financial investments	—	0.3	—	0.2
Post-retirement benefit obligations	(0.4)	—	(1.0)	—
Comprehensive income	41.7	95.4	184.6	113.6
Comprehensive loss attributable to redeemable noncontrolling interest	0.3	0.3	0.6	0.6
Comprehensive income excluding redeemable noncontrolling interest	42.0	95.7	185.2	114.2
Change in redemption value of redeemable noncontrolling interest	(0.3)	(0.3)	(0.6)	(0.6)
Comprehensive income allocated to participating securities	(0.6)	(0.9)	(1.4)	(1.0)
Comprehensive income allocated to common stockholders, net of tax	$ 41.1	$ 94.5	$ 183.2	$ 112.6

See accompanying notes to condensed consolidated financial statements.

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Cboe Global Markets, Inc. and Subsidiaries

Condensed Consolidated Statement of Changes in Stockholders' Equity

Six months ended June 30, 2018

(unaudited)

(in millions, except per share amount)

	Preferred Stock	Common Stock	Treasury Stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss), net	Total stockholders' equity	Redeemable Noncontrolling Interest
Balance at December 31, 2017	$ —	$ 1.2	$ (558.3)	$ 2,623.7	$ 993.3	$ 50.7	$ 3,110.6	$ 9.4
Cash dividends on common stock of $0.27 per share	—	—	—	—	(61.0)	—	(61.0)	—
Stock-based compensation	—	—	—	21.0	—	—	21.0	—
Common stock repurchased from employee stock plans	—	—	(15.8)	1.4	—	—	(14.4)	—
Purchase of common stock	—	—	(91.8)	—	—	—	(91.8)	—
Net income excluding noncontrolling interest	—	—	—	—	201.7	—	201.7	—
Other comprehensive income	—	—	—	—	—	(16.5)	(16.5)	—
Net loss attributable to redeemable noncontrolling interest	—	—	—	—	0.6	—	0.6	(0.6)
Redemption value adjustment of redeemable noncontrolling interest	—	—	—	—	(0.6)	—	(0.6)	0.6

Balance at June 30, 2018	$ —	$ 1.2	$ (665.9)	$ 2,646.1	$ 1,134.0	$ 34.2	$ 3,149.6	$ 9.4

See accompanying notes to condensed consolidated financial statements.

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Cboe Global Markets, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(unaudited)

(in millions)

	Six Months Ended June 30,	
	2018	2017
Cash Flows from Operating Activities:		
Net income	$ 201.1	$ 83.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	104.6	80.9
Amortization of debt issuance cost and debt discount	1.3	1.0
Change in fair value of contingent consideration	2.2	0.7
Realized gain on financial investments	(0.7)	(0.2)
Provision for deferred income taxes	(13.3)	(15.0)
Stock-based compensation expense	21.0	30.1
Loss on disposition of property	0.5	—
Impairment of data processing software	—	14.9
Equity in investments	(1.2)	(0.1)
Excess tax benefit from stock-based compensation	—	5.7
Changes in assets and liabilities:		
Accounts receivable	(35.0)	(33.9)
Income taxes receivable	(29.7)	48.3
Other current assets	(7.4)	(8.4)
Accounts payable and accrued liabilities	18.8	9.1
Section 31 fees payable	84.3	2.9
Deferred revenue	2.0	6.7
Income taxes payable	(3.6)	(50.1)
Income tax liability	2.3	(3.9)
Other liabilities	2.1	0.2
Net Cash Flows provided by (used in) Operating Activities	349.3	172.1
Cash Flows from Investing Activities:		
Acquisitions, net of cash acquired	—	(1,405.4)
Purchases of financial investments	(130.7)	(89.2)
Proceeds from maturities of financial investments	46.9	45.0
Other	(1.0)	1.4
Purchases of property and equipment	(12.6)	(19.2)
Net Cash Flows used in Investing Activities	(97.4)	(1,467.4)
Cash Flows from Financing Activities:		
Proceeds from long-term debt	300.0	1,944.2
Principal payments of long term debt	(325.0)	(525.0)
Proceeds from credit facility	15.0	—

Payments of credit facility	(15.0)	—
Debt issuance costs	(0.1)	(1.3)
Dividends paid	(61.0)	(56.7)
Purchase of unrestricted stock from employees	(15.8)	(16.0)
Proceeds from exercise of stock-based compensation	0.5	1.3
Payment of contingent consideration from acquisition	(56.6)	—
Purchase of common stock under announced program	(91.8)	—
Net Cash Flows provided by (used in) Financing Activities	(249.8)	1,346.5
Effect of Foreign Currency Exchange Rate Changes on Cash and Cash equivalents	(5.6)	0.1
Decrease in Cash and Cash Equivalents	(3.5)	51.3
Cash and Cash Equivalents:		
Beginning of Period	143.5	97.3
End of Period	$ 140.0	$ 148.6
Supplemental disclosure of cash transactions:		
Cash paid for income taxes	$ 122.2	$ —
Interest paid	18.9	—
Supplemental disclosure of noncash transactions:		
Forfeiture of common stock for payment of exercise of stock options	—	1.7
Supplemental disclosure of noncash investing activities:		
Accounts receivable acquired	—	117.8
Financial investments acquired	—	66.0
Property and equipment acquired	—	21.8
Goodwill acquired	—	2,649.3
Intangible assets acquired	—	2,000.0
Other assets acquired	—	32.8
Accounts payable and accrued expenses assumed	—	(60.1)
Section 31 fees payable acquired	—	(143.6)
Deferred tax liability acquired	—	(718.5)
Other liabilities assumed	—	(135.4)
Issuance of common stock related to acquisition	—	(2,424.7)

See accompanying notes to condensed consolidated financial statements.

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Cboe Global Markets, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

1. ORGANIZATION AND BASIS OF PRESENTATION

Cboe Global Markets, Inc. is one of the world's largest exchange holding companies, offering cutting-edge trading and investment solutions to investors around the world. The Company is committed to relentless innovation, connecting global markets with world-class technology, and providing seamless solutions that enhance the customer experience.

Cboe offers trading across a diverse range of products in multiple asset classes and geographies, including options, futures, U.S. and European equities, exchange-traded products (ETPs), global foreign exchange (FX) and multi-asset volatility products based on the VIX, the world's barometer for equity market volatility.

Cboe's trading venues include the largest options exchange in the U.S. by volume and the largest stock exchange by value traded in Europe. In addition, the Company is the second-largest stock exchange operator by volume in the U.S. and a leading market globally for ETP trading.

The Company is headquartered in Chicago with offices in Kansas City, New York, London, San Francisco, Singapore, Hong Kong, and Ecuador.

Basis of Presentation

These interim unaudited condensed consolidated financial statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10 Q and should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10 K for the year ended December 31, 2017.

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, valuation of redeemable noncontrolling interest and reported amounts of revenues and expenses. On an ongoing basis, management evaluates its estimates based upon historical experience, observance of trends, information available from outside sources and various other assumptions that management believes to be reasonable under the circumstances. Actual results may differ from these estimates under different conditions or assumptions.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of financial position, results of operations and cash flows at the dates and for the periods presented have been included.

The results of operations for interim periods are not necessarily indicative of the results of operations for the full year.

For those consolidated subsidiaries in which the Company's ownership is less than 100% and for which the Company has control over the assets and liabilities and the management of the entity, the outside stockholders' interest are shown as noncontrolling interest.

Segment information

The Company reports five business segments: Options, U.S. Equities, Futures, European Equities, and Global FX, which is reflective of how the Company's chief operating decision-maker reviews and operates the business (Note 15).

Recent Accounting Pronouncements - Adopted

In the first quarter of 2018, the Company adopted ASU 2017 09, Compensation - Stock Compensation (Topic 718). The ASU provides additional guidance around which changes to a share-based payment award require an entity to

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Cboe Global Markets, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

apply modification accounting. The Company's application of the pronouncement, on a prospective basis, did not result in a material impact to the consolidated financial statements.

In the first quarter of 2018, the Company adopted ASU 2017 07, Compensation - Retirement Benefits (Topic 715). This ASU requires an employer to report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations. The Company applied the full retrospective application of the pronouncement, which did not result in a material impact to the consolidated financial statements.

In the first quarter of 2018, the Company adopted ASU 2016 15, Statement of Cash Flows (Topic 230) — Classification of Certain Cash Receipts and Cash Payments (a consensus of the FASB Emerging Issues Task Force). ASU No. 2016 15 addresses eight specific cash flow issues in an effort to reduce diversity in practice: (1) debt prepayment or debt extinguishment costs; (2) settlement of zero-coupon bonds; (3) contingent consideration payments made after a business combination; (4) proceeds from the settlement of insurance claims; (5) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies; (6) distributions received from equity method investees; (7) beneficial interests in securitization transactions; and (8) separately identifiable cash flows and application of the predominance principle. The Company's application of the pronouncement did not result in a material impact to the consolidated financial statements.

In the first quarter of 2018, the Company adopted ASU 2017 01, Business Combinations (Topic 805) - Clarifying the Definition of a Business. ASU No. 2017 01 clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. There are three elements of a business: inputs, processes, and outputs. While an integrated set of assets and activities (collectively, a "set") that is a business usually has outputs, outputs are not required to be present. Additionally, all of the inputs and processes that a seller uses in operating a set are not required if market participants can acquire the set and continue to produce outputs. ASU No. 2017 01 provides a screen to determine when a set is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. This screen reduces the number of transactions that need to be further evaluated. If, however, the screen is not met, then the amendments in this ASU (1) require that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and (2) remove the evaluation of whether a market participant could replace missing elements. Finally, the amendments in this ASU narrow the definition of the term "output" so that it is consistent with the manner in which outputs are described in Topic 606 - Revenue from Contracts with Customers. The Company will apply the pronouncement, on a prospective basis, for any business combination.

In the first quarter of 2018, the Company adopted ASU 2016-01, Financial Instruments – Overall (Subtopic 825-10) – Recognition and Measurement of Financial Assets and Financial Liabilities. ASU No. 2016-01 addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The changes primarily relate to equity investments, financial liabilities measured using the fair value option, and updated disclosure requirements. The Company applied the full retrospective application of the pronouncement, which did not result in a material impact to the consolidated financial statements.

In the first quarter of 2018, the Company adopted ASU 2018-02, Income Statement - Reporting Comprehensive Income (Topic 220) - Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. This update addresses the reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the tax reform legislation commonly referred to as the Tax Cuts and Jobs Act ("Jobs Act"). The guidance eliminates the stranded tax effects resulting from the Jobs Act as well as improves the usefulness of information reported to financial statement users by requiring certain disclosures about stranded tax effects. As the amendment only relates to reclassification of the income tax effects of the Jobs Act, the underlying guidance that

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requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. The Company's application of the pronouncement did not result in a material impact to the consolidated financial statements.

Recent Accounting Pronouncements - Issued, not yet Adopted

In January 2017, the FASB issued ASU 2017 04, Intangibles-Goodwill and Other (Topic 350) - Simplifying the Test for Goodwill Impairment. This ASU simplifies the manner in which an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. In computing the implied fair value of goodwill under Step 2, an entity, prior to the amendments in ASU No. 2017 04, had to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities, including unrecognized assets and liabilities, in accordance with the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. However, under this ASU, an entity should (1) perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount, and (2) recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, with the understanding that the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, ASU No. 2017 04 removes the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails such qualitative test, to perform Step 2 of the goodwill impairment test. For public entities, the update is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is in the process of evaluating this guidance and assessing the impact the ASU could have on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016 02, Leases. This update requires a lessee to recognize on the balance sheet a liability to make lease payments and a corresponding right-of-use asset ("ROU"). The guidance also requires certain qualitative and quantitative disclosures about the amount, timing and uncertainty of cash flows arising from leases. This update is effective for annual and interim periods beginning after December 15, 2018. Early adoption is permitted. Based on the Company's preliminary evaluation of the guidance, the ASU is expected to have a material impact on the consolidated balance sheets, but is not expected to have a material impact on the consolidated income statements. The most significant impact is expected to be the recognition of ROU assets and lease liabilities for operating leases. The Company is in the process of analyzing its lease portfolio, developing processes and finalizing accounting policies to comply with the ASU's adoption requirements.

2. REVENUE RECOGNITION

As of January 1, 2017, the Company adopted ASU 2014 09 Revenue from Contracts with Customers - Topic 606 and all subsequent ASUs that modified ASC 606.

The main types of revenue contracts are:

· Transaction fees - Transaction fees represent fees charged by the Company for the performance obligation of executing a trade on its markets. These fees can be variable based on trade volume tiered discounts, however, as all tiered discounts are calculated monthly, the actual discount is recorded on a monthly basis. Transaction fees, as well as any tiered volume discounts, are calculated and billed monthly in accordance with the Company's published fee schedules. Transaction fees are recognized across all segments. The Company also pays liquidity payments to customers based on its published fee schedules. The Company uses these payments to improve the liquidity on its markets and therefore recognizes those payments as a cost of revenue.

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- Access fees - Access fees represent fees assessed for the opportunity to trade, including fees for trading-related functionality across all segments. These fees are billed monthly in accordance with the Company’s published fee schedules and recognized on a monthly basis when the performance obligation is met. There is no remaining performance obligation after revenue is recognized.
- Exchange services and other fees - To facilitate trading, the Company offers technology services, terminal and other equipment rights, maintenance services, trading floor space and telecommunications services. Trading floor and equipment rights are generally on a month-to-month basis. Facilities, systems services and other fees are generally monthly fee-based, although certain services are influenced by trading volume or other defined metrics, while others are based solely on demand. All fees associated with the trading floor are recognized in the Options segment.
- Market data fees - Market data fees represent the fees received by the Company from the U.S. tape plans and fees charged to customers for proprietary market data. Fees from the U.S. tape plans are collected monthly based on published fee schedules and distributed quarterly to the U.S. exchanges based on a known formula. A contract for proprietary market data is entered into and charged on a monthly basis in accordance with the Company’s published fee schedules as the service is provided. Both types of market data are satisfied over time, and revenue is recognized on a monthly basis as the customer receives and consumes the benefit as the Company provides the data. U.S. tape plan market data is recognized in the U.S. Equities and Options segments. Proprietary market data fees are recognized across all segments.
- Regulatory fees - There are two types of regulatory fees that the Company recognizes. The first type represents fees collected by the Company to cover the Section 31 fees charged to the Exchanges by the SEC. The fees charged to customers are based on the fee set by the SEC per notional value of the transaction executed on the Company’s U.S. securities markets. These fees are calculated and billed monthly and are recognized in the U.S. Equities and Options segments. As the Exchanges are responsible for the ultimate payment to the SEC, the exchanges are considered the principal in these transactions. Regulatory fees also includes the options regulatory fee (ORF) which supports the Company’s regulatory oversight function in the Options segment and other miscellaneous regulatory fees.
- Other revenue - Other revenue primarily includes revenue from various licensing agreements, all fees related to the trade reporting facility operated in the European Equities segment, and revenue associated with advertisements through the Company’s website.

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All revenue recognized in the income statement is considered to be revenue from contracts with customers. The following table depicts the disaggregation of revenue according to product line and segment (in millions):

	Options	U.S. Equities	Futures	European Equities	Global FX	Corporate items and eliminations	Total
Three Months Ended June 30, 2018							
Transaction fees	$ 189.0	$ 211.9	$ 26.9	$ 24.2	$ 12.8	$ —	$ 464.8
Access fees	14.5	11.4	2.1	2.2	1.0	—	31.2
Exchange services and other fees	9.9	7.3	1.7	1.5	0.6	—	21.0
Market data fees	10.6	36.6	1.8	3.4	0.1	—	52.5
Regulatory fees	15.5	73.7	0.1	—	—	—	89.3
Other revenue	4.6	2.3	—	1.6	—	0.2	8.7
	$ 244.1	$ 343.2	$ 32.6	$ 32.9	$ 14.5	$ 0.2	$ 667.5
Timing of revenue recognition							
Services transferred at a point in time	$ 209.1	$ 287.9	$ 27.0	$ 25.8	$ 12.8	$ 0.2	$ 562.8
Services transferred over time	35.0	55.3	5.6	7.1	1.7	—	104.7
	$ 244.1	$ 343.2	$ 32.6	$ 32.9	$ 14.5	$ 0.2	$ 667.5
Three Months Ended June 30, 2017							
Transaction fees	$ 181.2	$ 208.3	$ 34.0	$ 20.8	$ 9.6	$ —	$ 453.9
Access fees	13.9	12.7	0.5	1.8	0.8	—	29.7
Exchange services and other fees	10.1	5.9	2.2	1.2	0.5	—	19.9
Market data fees	10.5	33.9	0.8	2.8	—	—	48.0
Regulatory fees	14.7	68.6	—	—	—	—	83.3
Other revenue	3.1	1.7	—	1.0	—	0.2	6.0
	$ 233.5	$ 331.1	$ 37.5	$ 27.6	$ 10.9	$ 0.2	$ 640.8
Timing of revenue recognition							
Services transferred at a point in time	$ 199.0	$ 278.6	$ 34.0	$ 21.8	$ 9.6	$ 0.2	$ 543.2
Services transferred over time	34.5	52.5	3.5	5.8	1.3	—	97.6
	$ 233.5	$ 331.1	$ 37.5	$ 27.6	$ 10.9	$ 0.2	$ 640.8

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	Options	U.S Equities	Futures	European Equities	Global FX	Corporate Item and Eliminations	Total
Six Months Ended June 30, 2018							
Transaction fees	$ 424.8	$ 445.7	$ 65.7	$ 49.9	$ 25.8	$ —	$ 1,011.9
Access fees	28.0	23.1	2.4	4.4	1.9	—	59.8
Exchange services and other fees	20.0	13.7	5.1	3.0	1.2	—	43.0
Market data fees	21.4	75.1	3.2	6.8	0.2	—	106.7
Regulatory fees	33.3	172.2	0.1	—	—	—	205.6
Other revenue	10.7	3.9	—	3.2	—	0.4	18.2
	$ 538.2	$ 733.7	$ 76.5	$ 67.3	$ 29.1	$ 0.4	$ 1,445.2
Timing of revenue recognition							
Services transferred at a point in time	$ 468.8	$ 621.8	$ 65.8	$ 53.1	$ 25.8	$ 0.4	$ 1,235.7
Services transferred over time	69.4	111.9	10.7	14.2	3.3	—	209.5
	$ 538.2	$ 733.7	$ 76.5	$ 67.3	$ 29.1	$ 0.4	$ 1,445.2

	Options	U.S Equities	Futures	European Equities	Global FX	Corporate Item and Eliminations	Total
Six Months Ended June 30, 2017							
Transaction fees	$ 321.4	$ 285.0	$ 62.7	$ 28.0	$ 13.2	$ —	$ 710.3
Access fees	26.2	16.9	1.0	2.4	1.0	—	47.5
Exchange services and other fees	23.0	7.9	2.2	1.6	0.6	—	35.3
Market data fees	20.9	45.0	0.8	3.7	0.1	—	70.5
Regulatory fees	27.4	94.2	—	—	—	—	121.6
Other revenue	7.3	2.3	0.7	1.2	—	0.3	11.8
	$ 426.2	$ 451.3	$ 67.4	$ 36.9	$ 14.9	$ 0.3	$ 997.0
Timing of revenue recognition							
Services transferred at a point in time	$ 356.1	$ 381.5	$ 63.4	$ 29.2	$ 13.2	$ 0.3	$ 843.7
Services transferred over time	70.1	69.8	4.0	7.7	1.7	—	153.3
	$ 426.2	$ 451.3	$ 67.4	$ 36.9	$ 14.9	$ 0.3	$ 997.0

Contract liabilities for the six months ended June 30, 2018 primarily represent prepayments of transaction fees and certain access and market data fees to the Exchanges. The revenue recognized from contract liabilities and the remaining balance is shown below (in millions):

	Balance at January 1, 2018	Cash Additions	Revenue Recognition	Balance at June 30, 2018
Liquidity provider sliding scale (1)	$ 4.8	$ 4.8	$ (4.8)	$ 4.8
Other, net	10.6	8.0	(6.0)	12.6
Total deferred revenue	$ 15.4	$ 12.8	$ (10.8)	$ 17.4

(1) Liquidity providers are eligible to participate in the sliding scale program, which involves prepayment of transaction fees, and to receive reduced fees based on the achievement of certain volume thresholds within a calendar month. These transaction fees are amortized and recorded ratably as the transactions occur over the period.

3. ACQUISITIONS

Bats Global Markets, Inc.

On February 28, 2017, pursuant to the Agreement and Plan of Merger, dated as of September 25, 2016 (the “Merger Agreement”), by and among Cboe, Bats, CBOE Corporation, a Delaware corporation and a wholly-owned subsidiary of Cboe (“Merger Sub”), and Cboe Bats, LLC (formerly CBOE V, LLC), a Delaware limited liability company and a wholly-owned subsidiary of Cboe (“Merger LLC”), Cboe completed the merger of Merger Sub with and

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into Bats and the subsequent merger of Bats with and into Merger LLC. As a result of the Merger, Bats became a wholly-owned subsidiary of Cboe.

The acquisition-date fair value of the consideration transferred totaled $4.0 billion, which consisted of the following (in millions):

Cash consideration for Bats outstanding common stock	$ 955.5
Common stock issued	2,387.3
Equity awards issued	37.4
	3,380.2
Debt extinguished	580.0
Total consideration	$ 3,960.2

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date (in millions):

Cash and cash equivalents	$ 130.1
Accounts receivable	117.8
Financial investments	66.0
Property and equipment	21.8
Other assets	32.8
Goodwill	2,653.3
Intangibles	2,000.0
Accounts payable	(33.7)
Accrued expenses	(26.2)
Section 31 fees	(143.6)
Income tax payable	(52.9)
Deferred tax liability	(722.6)
Other liabilities	(82.6)
	$ 3,960.2

For tax purposes, no tax deductible goodwill was generated as a result of this acquisition. Goodwill was assigned to the Options, U.S. Equities, European Equities, and Global FX segments as further described in Note 9 and is attributable to the expansion of asset classes, broadening of geographic reach, and expected synergies of the combined workforce, products and technologies of the Company and Bats. The intangible assets were assigned to the Options, U.S. Equities, European Equities, and Global FX segments in the following manner and will be amortized over the following useful lives:

	U.S.	European

	Options	Equities	Equities	Global FX	Useful life
Trading registrations and licenses	$ 95.5	$ 572.7	$ 171.8	$ —	indefinite
Customer relationships	37.1	222.9	160.0	140.0	20 years
Market data customer relationships	53.6	322.0	60.0	64.4	15 years
Technology	22.5	22.5	22.5	22.5	7 years
Trademarks and tradenames	1.0	6.0	1.8	1.2	2 years
Goodwill	226.4	1,738.1	419.3	267.2	
	$ 436.1	$ 2,884.2	$ 835.4	$ 495.3	

There were no goodwill or intangible assets assigned to the Futures segment as a result of this transaction as Bats did not operate a Futures business and no synergies are attributable to this segment.

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The fair value of accounts receivable acquired was $117.8 million. The gross amount of accounts receivable was $118.0 million of which $0.2 million was deemed uncollectable.

The Company expensed $8.6 million of acquisition-related costs during the three months ended June 30, 2018 that included $7.4 million of compensation-related costs and $1.2 million of professional fees. These expenses are included in acquisition-related costs in the condensed consolidated statements of income.

The Company expensed $17.4 million of acquisition-related costs during the six months ended June 30, 2018 that included $12.8 million of compensation-related costs, $2.7 million of stock-based compensation, $1.3 million of professional fees, and $0.6 million of general and administrative expenses. These expenses are included in acquisition-related costs in the condensed consolidated statements of income.

The Company expensed $4.7 million of acquisition-related costs expensed during the three months ended June 30, 2017 that included $3.4 million of compensation-related costs and $1.3 million of professional fees. These costs are included in acquisition-related costs in the condensed consolidated statements of income.

The Company expensed $69.9 million of acquisition-related costs during the six months ended June 30, 2017 that included $33.5 million of compensation-related costs, $20.6 million of professional fees, $14.9 million of an impairment of capitalized data processing software, and $0.9 million of facilities expenses. These costs are included in acquisition-related costs in the condensed consolidated statements of income.

The amounts of revenue, operating income and net income of Bats are included in the Company's condensed consolidated statements of income after the acquisition date of February 28, 2017 and are as follows (in millions):

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Revenue	$ 470.2	$ 446.0	$ 996.7	$ 605.8
Revenue less cost of revenues	129.0	114.9	260.2	154.1
Operating income (loss)	48.6	28.6	102.5	26.6
Net income (loss)	45.1	18.3	96.2	17.6

The financial information in the table below summarizes the combined results of operations of the Company and Bats, on a pro forma basis, as though the companies had been combined as of January 1, 2017. The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the period presented. Such pro forma financial information is based on the historical financial statements of the Company and Bats. This pro forma financial information is based on estimates and assumptions that have been made solely for purposes of developing such pro forma information, including, without limitation, preliminary purchase accounting adjustments. The pro forma financial information does not reflect any synergies or operating cost reductions that may be achieved from the combined

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operations. The pro forma financial information combines the historical results for the Company and Bats for the six months ended June 30, 2017 in the following table (in millions, except per share amounts):

	Six Months Ended June 30, 2017
Revenue	$ 1,269.9
Revenue less cost of revenues	532.2
Operating income	229.4
Net income	157.3
Earnings per share:	
Basic	$ 1.40
Diluted	1.40

The supplemental 2017 pro forma amounts have been calculated after applying the Company's accounting policies and adjusting the results to reflect the additional amortization that would have been charged assuming the adjusted fair values of acquired intangible assets had been applied on January 1, 2017. The supplemental 2017 pro forma financial information includes pro forma adjustments of $93.3 million for acquisition-related costs, such as fees to investment bankers, attorneys, accountants and other professional advisors, as well as severance to employees.

4. SEVERANCE

Subsequent to the Bats acquisition, the Company determined that certain employees' positions were redundant. As such, the Company communicated employee termination benefits to these employees.

The following is a summary of the employee termination benefits recognized within acquisition costs in the Corporate Items and Eliminations unit in the condensed consolidated statements of income (in millions):

	Employee Termination Benefits
Balance at December 31, 2017	$ 4.8
Termination benefits accrued	9.4
Termination payments made	(12.0)
Balance at June 30, 2018	$ 2.2

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5. INVESTMENTS

As of June 30, 2018 and December 31, 2017, the Company's investments were comprised of the following (in millions):

	June 30, 2018	December 31, 2017
Equity Method:		
Investment in Signal Trading Systems, LLC	$ 14.1	$ 12.5
Investment in EuroCCP	10.3	9.6
Total equity method investments	24.4	22.1
Other Equity Investments:		
Investment in OCC	30.3	30.3
Investment in Eris Exchange Holdings, LLC	20.0	20.0
Investment in American Financial Exchange, LLC	5.9	5.9
Other	8.1	4.4
Total other equity investments	64.3	60.6
Total investments	$ 88.7	$ 82.7

Equity Method

Equity method investments include investments in Signal Trading Systems, LLC ("Signal"), a joint venture with FlexTrade System, Inc. to develop and market a multi-asset front-end order entry system, and EuroCCP, a Dutch domiciled clearing house. EuroCCP is one of three interoperable central counterparties, or CCPs, used to clear trades conducted on Cboe Europe Equities' markets. Cboe Europe Equities owns 20% of EuroCCP and can exercise significant influence over the entity as an equal shareholder with four other investors.

Other Equity Investments

The carrying amount of other equity investments totaled $64.3 million as of June 30, 2018 and $60.6 million as of December 31, 2017, and is included in investments in the condensed consolidated balance sheets. The Company accounts for these investments using the measurement alternative primarily as a result of the Company's inability to exercise significant influence as the Company is a smaller shareholder of these investments and the lack of readily determinable fair values. As of June 30, 2018, other equity investments primarily reflect a 20% investment in OCC and minority investments in American Financial Exchange, CurveGlobal and Eris Exchange Holdings, LLC.

In December 2014, OCC announced a newly-formed capital plan. The OCC capital plan was designed to strengthen OCC's capital base and facilitate its compliance with proposed SEC regulations for Systemically Important Financial Market Utilities ("SIFMUs") as well as international standards applicable to financial market infrastructures. On February 26, 2015, the SEC issued a notice of no objection to OCC's advance notice filing regarding the capital plan, and OCC and OCC's existing exchange stockholders, which include Cboe Options, subsequently executed agreements effecting the capital plan. Under the plan, each of OCC's existing exchange stockholders agreed to contribute its pro-rata share, based on ownership percentage, of $150 million in equity capital, which would increase OCC's shareholders' equity, and to provide its pro rata share in replenishment capital, up to a maximum of $40 million per exchange stockholder, if certain capital thresholds are breached. OCC also adopted policies under the plan with respect to fees, customer refunds, and stockholder dividends, which envision an annual dividend payment to the exchange stockholders equal to the portion of OCC's after-tax income that exceeds OCC's capital requirements after payment of refunds to OCC's clearing members (with such customer refunds generally to constitute 50% of the portion of OCC's pre-tax income that exceeds OCC's capital requirements). On March 3, 2015, in accordance with the plan, Cboe Options

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contributed $30 million to OCC. That contribution has been recorded under investments in the condensed consolidated balance sheets as of June 30, 2018 and December 31, 2017, respectively.

On March 6, 2015, OCC informed Cboe Options that the SEC, acting through delegated authority, had approved OCC's proposed rule filing for the capital plan. Following petitions to review the approval based on delegated authority, the SEC conducted its own review and then approved the proposed rule change implementing OCC's capital plan. Certain petitioners subsequently appealed the SEC approval order for the OCC capital plan to the U.S. Court of Appeals for the D.C. Circuit and moved to stay the SEC approval order. On February 23, 2016, the Court denied the petitioners' motion to stay. On August 8, 2017, the Court held that the SEC’s approval order lacked reasoned decision-making sufficient to support the SEC’s conclusion that the OCC capital plan complied with applicable statutory requirements. The Court declined to vacate the SEC’s approval order or to require the unwinding of actions taken under the OCC capital plan, but instead remanded the matter to the SEC for further proceedings concerning whether that capital plan complies with those statutory requirements. Petitioners requested a stay of dividend payments to the exchange stockholders until the SEC made a final decision about the OCC capital plan, but the SEC denied that request on September 14, 2017. The SEC allowed for and received information from interested parties for the SEC’s consideration in connection with its review of the OCC capital plan on remand from the Court. The SEC’s review of the OCC capital plan on remand from the Court remains pending.

6. FINANCIAL INVESTMENTS

The Company’s financial investments with original or acquired maturities longer than three months, but that mature in less than one year from the condensed consolidated balance sheet date and any money market funds that are considered cash and cash equivalents are classified as current assets and are summarized as follows (in millions):

	June 30, 2018			
	Cost basis	Unrealized gains	Unrealized losses	Fair value
U.S. Treasury securities	$ 131.8	$ —	$ —	$ 131.8
Money market funds	2.5	—	—	2.5
Total financial investments	$ 134.3	$ —	$ —	$ 134.3

	December 31, 2017			
	Cost basis	Unrealized gains	Unrealized losses	Fair value
U.S. Treasury securities	$ 47.3	$ —	$ —	$ 47.3
Money market funds	2.5	—	—	2.5
Total financial investments	$ 49.8	$ —	$ —	$ 49.8

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following as of June 30, 2018 and December 31, 2017 (in millions):

	June 30, 2018	December 31, 2017
Construction in progress	$ 0.2	$ 5.9
Building	80.8	77.4
Furniture and Equipment	152.4	139.7
Total property and equipment	233.4	223.0
Less accumulated depreciation	(168.0)	(149.1)
Property and equipment, net	$ 65.4	$ 73.9

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Depreciation expense using the straight-line method was $6.1 million and $8.7 million for the three months ended June 30, 2018 and 2017, respectively, and $13.0 million and $15.2 million for the six months ended June 30, 2018 and 2017, respectively.

8. OTHER ASSETS, NET

Other assets, net consisted of the following as of June 30, 2018 and December 31, 2017 (in millions):

	June 30, 2018	December 31, 2017
Software development work in progress	$ 7.1	$ 10.2
Data processing software	217.5	220.0
Less accumulated depreciation and amortization	(187.1)	(189.6)
Data processing software, net	37.5	40.6
Other assets (1)	22.1	18.9
Other assets, net	$ 59.6	$ 59.5

(1) At December 31, 2017 and June 30, 2018, the majority of the balance included long-term prepaid assets and notes receivable.

Amortization expense related to data processing software was $4.6 million and $4.4 million for the three months ended June 30, 2018 and 2017, respectively, and $9.7 million and $8.5 million for the six months ended June 30, 2018 and 2017, respectively.

9. GOODWILL AND INTANGIBLE ASSETS, NET

The following table presents the details of goodwill by segment (in millions):

	Options	U.S. Equities	European Equities	Global FX	Corporate and Other	Total
Balance as of December 31, 2017	$ 239.4	$ 1,740.4	$ 441.6	$ 267.2	$ 18.8	$ 2,707.4
Additions	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—
Changes in foreign currency exchange rates	—	—	(6.1)	—	—	(6.1)
Balance as of June 30, 2018	$ 239.4	$ 1,740.4	$ 435.5	$ 267.2	$ 18.8	$ 2,701.3

Goodwill has been allocated to specific reporting units for purposes of impairment testing - Options, U.S. Equities, European Equities and Global FX. No goodwill has been allocated to Futures. Goodwill impairment testing is performed annually in the fiscal fourth quarter or more frequently if conditions exist that indicate that the asset may be impaired. The allocation of the new goodwill did not impact the existing goodwill assignment to reporting units and there are no aggregate impairments of goodwill.

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The following table presents the details of the intangible assets (in millions):

	Options	U.S. Equities	European Equities	Global FX	Corporate and Other	Total
Balance as of December 31, 2017	$ 198.7	$ 1,071.8	$ 427.0	$ 199.6	$ 5.5	$ 1,902.6
Additions	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—
Amortization	(8.5)	(41.5)	(14.7)	(16.5)	(0.6)	(81.8)
Changes in foreign currency exchange rates	—	—	(7.8)	—	—	(7.8)
Balance as of June 30, 2018	$ 190.2	$ 1,030.3	$ 404.5	$ 183.1	$ 4.9	$ 1,813.0

For the three months ended June 30, 2018 and 2017, amortization expense was $39.7 million and $42.7 million, respectively. For the six months ended June 30, 2018 and 2017, amortization expense was $81.8 million and $57.2 million, respectively. The estimated future amortization expense is $78.1 million for the remainder of 2018, $137.5 million for 2019, $121.0 million for 2020, $105.7 million for 2021, $93.5 million for 2022 and $82.6 million for 2023.

The following tables present the categories of intangible assets as of June 30, 2018 and December 31, 2017 (in millions):

	June 30, 2018					
	Options	U.S. Equities	European Equities	Global FX	Corporate and Other	Weighted Average Amortization Period (in years)
Trading registrations and licenses	$ 95.5	$ 572.7	$ 179.5	$ —	$ 1.0	Indefinite
Customer relationships	38.8	222.9	167.2	140.0	3.0	19
Market data customer relationships	53.6	322.0	62.7	64.4	—	14
Technology	24.6	22.5	23.5	22.5	4.0	6
Trademarks and tradenames	1.7	6.0	1.9	1.2	—	1
Other	0.2	—	—	—	—	1
Accumulated amortization	(24.2)	(115.8)	(30.3)	(45.0)	(3.1)	
	$ 190.2	$ 1,030.3	$ 404.5	$ 183.1	$ 4.9	

	December 31, 2017					
	Options	U.S. Equities	European Equities	Global FX	Corporate and Other	Weighted Average Amortization Period (in years)
Trading registrations and licenses	$ 95.5	$ 572.7	$ 186.5	$ —	$ —	Indefinite

Customer relationships	38.8	222.9	173.7	140.0	3.0	19
Market data customer relationships	53.6	322.0	65.1	64.4	—	14
Technology	24.6	22.5	24.4	22.5	4.0	6
Trademarks and tradenames	1.7	6.0	2.0	1.2	1.0	2
Other	0.2	—	—	—	—	2
Accumulated amortization	(15.7)	(74.3)	(24.7)	(28.5)	(2.5)	
	$ 198.7	$ 1,071.8	$ 427.0	$ 199.6	$ 5.5	

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10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following as of June 30, 2018 and December 31, 2017 (in millions):

	June 30, 2018	December 31, 2017
Compensation and benefit-related liabilities	$ 42.1	$ 18.0
Termination benefits	2.2	4.8
Royalties	17.9	20.3
Accrued liabilities	83.7	59.1
Marketing fee payable	13.9	8.4
Accounts payable	11.1	43.2
Total accounts payable and accrued liabilities	$ 170.9	$ 153.8

11. DEBT

The Company’s debt consisted of the following as of June 30, 2018 and December 31, 2017 (in millions):

	June 30, 2018	December 31, 2017
Term Loan Agreement	$ 270.4	$ —
Prior Term Loan Agreement	—	294.9
3.650% Senior Notes	644.2	643.8
1.950% Senior Notes	299.5	299.2
Revolving Credit Agreement	—	—
Total debt	$ 1,214.1	$ 1,237.9

In connection with the Merger, on December 15, 2016, the Company entered into the Prior Term Loan Agreement (as defined below) providing for a $1.0 billion senior unsecured delayed draw term loan facility and on January 12, 2017, the Company issued $650 million aggregate principal amount of 3.650% Senior Notes due 2027 ("3.650% Senior Notes"). The proceeds from this delayed draw term loan facility and issuance of our senior notes, in addition to using cash on hand at Cboe and Bats, were used to finance a portion of the cash component of the Merger consideration, to refinance existing indebtedness of Bats and its subsidiaries and to pay related fees and expenses. In addition, on December 15, 2016, the Company entered into a $150 million revolving credit facility to be used for working capital and other general corporate purposes.

On June 29, 2017, Cboe refinanced approximately $300 million of the amounts outstanding under the Prior Term Loan Agreement through the issuance of $300 million in aggregate principal amount of 1.950% Senior Notes due 2019 ("1.950% Senior Notes" and, together with the 3.650% Senior Notes, the "Notes").

On March 22, 2018, the Company repaid $300 million of outstanding indebtedness under the Prior Term Loan Agreement by using the proceeds from a new Term Loan Agreement (as defined below) providing for a $300 million senior unsecured term loan facility.

Term Loan Agreement

On March 22, 2018, the Company, as borrower, entered into a new Term Loan Credit Agreement (the “Term Loan Agreement”) with Bank of America, N.A. (“Bank of America”), as administrative agent and initial lender, and the several banks and other financial institutions from time to time party thereto as lenders. Bank of America also acted as sole lead arranger and sole bookrunner with respect to the Term Loan Agreement. The Term Loan Agreement provides for a senior unsecured term loan facility in an aggregate principal amount of $300 million. The proceeds of the loan

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under the Term Loan Agreement were used to repay the $300 million of outstanding indebtedness under the Prior Term Loan Agreement.

Loans under the Term Loan Agreement bear interest, at our option, at either (i) the London Interbank Offered Rate ("LIBOR") periodically fixed for an interest period (as selected by us) of one, two, three or six months plus a margin (based on our public debt ratings) ranging from 1.00 percent per annum to 1.50 percent per annum or (ii) a daily floating rate based on the agent's prime rate (subject to certain minimums based upon the federal funds effective rate or LIBOR) plus a margin (based on our public debt ratings) ranging from zero percent per annum to 0.50 percent per annum. The Company was required to pay an up-front fee of 0.05 percent to the agent for the entry into the Term Loan Agreement.

The Term Loan Agreement, which matures on December 15, 2021, contains customary representations, warranties and affirmative and negative covenants for facilities of its type, including financial covenants, events of default and indemnification provisions in favor of the lenders thereunder. The negative covenants include restrictions regarding the incurrence of liens, the incurrence of indebtedness by our subsidiaries and fundamental changes, subject to certain exceptions in each case. The financial covenants require us to meet a quarterly financial test with respect to a minimum consolidated interest coverage ratio of not less than 4.00 to 1.00 and a maximum consolidated leverage ratio of not greater than 3.50 to 1.00. At June 30, 2018, the Company was in compliance with these covenants.

Prior Term Loan Agreement

On December 15, 2016, the Company, as borrower, entered into a Term Loan Credit Agreement (the " Prior Term Loan Agreement") with Bank of America, as administrative agent, certain lenders named therein (the "Prior Term Lenders"), Merrill Lynch, Pierce, Fenner & Smith Incorporated, as sole lead arranger and sole bookrunner, Morgan Stanley MUFG Loan Partners, LLC, as syndication agent, and Citibank, N.A., PNC Bank, National Association and JPMorgan Chase Bank, N.A., as co-documentation agents. The Term Loan Agreement provided for a senior unsecured delayed draw term loan facility (the "Prior Term Loan Facility") in an aggregate principal amount of $1.0 billion.

The commercial terms of the Prior Term Loan Agreement are substantially similar to the Term Loan Agreement, other than interest rates and the maturity date.

Loans under the Prior Term Loan Agreement, which was to mature on February 28, 2022, bore interest, at our option, at either (i) LIBOR periodically fixed for an interest period (as selected by us) of one, two, three or six months plus a margin (based on our public debt ratings) ranging from 1.00 percent per annum to 1.75 percent per annum or (ii) a daily floating rate based on the agent's prime rate (subject to certain minimums based upon the federal funds effective rate or LIBOR) plus a margin (based on our public debt ratings) ranging from zero percent per annum to 0.75 percent per annum. The Company was required to pay a ticking fee to the agent for the account of the Prior Term Lenders which initially accrued at a rate (based on our public debt ratings) ranging from 0.10 percent per annum to 0.30 percent per annum multiplied by the undrawn aggregate commitments of the Prior Term Lenders in respect of the Prior Term Loan Facility, accruing during the period commencing on December 15, 2016 and ending on the earlier of the date on which the loans are drawn.

On February 28, 2017, Cboe made a draw under the Prior Term Loan Agreement in the amount of $1.0 billion. Cboe used the proceeds to finance a portion of the cash component of the aggregate consideration for the Merger, repaid certain existing indebtedness of Bats, paid fees and expenses incurred in connection with the transactions contemplated by the Merger Agreement, funded working capital needs, and for other general corporate purposes. Loans under the Prior Term Loan Agreement mature five years following the closing date of the Merger.

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1.950% Senior Notes due 2019

On June 29, 2017, the Company issued $300 million aggregate principal amount of 1.950% Senior Notes. The form and terms of the 1.950% Senior Notes were established pursuant to an Officer's Certificate, dated as of June 29, 2017, supplementing the Indenture (as defined below). Underwriter fees of $0.8 million were also capitalized and netted against current portion of long-term debt in the consolidated balance sheet, while other issuance fees of $0.9 million were expensed and are included in debt issuance costs on the consolidated statement of income for the six months ended June 30, 2018.

The Company used the net proceeds from the 1.950% Senior Notes to repay amounts under the Term Loan Agreement. The 1.950% Senior Notes mature on June 28, 2019 and bear interest at the rate of 1.950% per annum, payable semi-annually in arrears on June 28 and December 28 of each year, commencing December 28, 2017. The 1.950% Senior Notes are unsecured obligations of the Company and rank equally with all of the Company's other existing and future unsecured, senior indebtedness, but are effectively junior to the Company's secured indebtedness, to the extent of the value of the assets securing such indebtedness, and will be structurally subordinated to the secured and unsecured indebtedness of the Company's subsidiaries.

The Company has the option to redeem some or all of the 1.950% Senior Notes, at any time in whole or from time to time in part, at the redemption prices set forth in the Officer's Certificate. The Company may also be required to offer to repurchase the 1.950% Senior Notes upon the occurrence of a Change of Control Triggering Event (as such term is defined in the Officer's Certificate) at a repurchase price equal to 101% of the aggregate principal amount of 1.950% Senior Notes to be repurchased.

3.650% Senior Notes due 2027

On January 12, 2017, the Company entered into an indenture (the "Indenture"), by and between the Company and Wells Fargo Bank, National Association, as trustee, in connection with the issuance of $650 million aggregate principal amount of the Company's 3.650% Senior Notes. The form and terms of the 3.650% Senior Notes were established pursuant to an Officer's Certificate, dated as of January 12, 2017, supplementing the Indenture.

The Company used a portion of the net proceeds from the 3.650% Senior Notes to fund, in part, the Merger, including the payment of related fees and expenses and the repayment of Bats' existing indebtedness, and the remainder for general corporate purposes. The 3.650% Senior Notes mature on January 12, 2027 and bear interest at the rate of 3.650% per annum, payable semi-annually in arrears on January 12 and July 12 of each year, commencing July 12, 2017. The 3.650% Senior Notes are unsecured obligations of the Company and rank equally with all of the Company's other existing and future unsecured, senior indebtedness, but are effectively junior to the Company's secured indebtedness, to the extent of the value of the assets securing such indebtedness, and will be structurally subordinated to the secured and unsecured indebtedness of the Company's subsidiaries.

The Company has the option to redeem some or all of the 3.650% Senior Notes, at any time in whole or from time to time in part, at the redemption prices set forth in the Officer's Certificate. The Company may also be required to offer to repurchase the 3.650% Senior Notes upon the occurrence of a Change of Control Triggering Event (as such term is defined in the Officer's Certificate) at a repurchase price equal to 101% of the aggregate principal amount of 3.650% Senior Notes to be repurchased.

Indenture

Under the Indenture, the Company may issue debt securities, which includes the Notes, at any time and from time to time, in one or more series without limitation on the aggregate principal amount. The Indenture governing the Notes contains customary restrictions, including a limitation that restricts our ability and the ability of certain of our

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subsidiaries to create or incur secured debt. Such Indenture also limits certain sale and leaseback transactions and contains customary events of default. At June 30, 2018, the Company was in compliance with these covenants.

Revolving Credit Agreement

On December 15, 2016, the Company, as borrower, entered into a Credit Agreement (the “Revolving Credit Agreement”) with Bank of America, as administrative agent and as swing line lender, certain lenders named therein (the “Revolving Lenders”), Merrill Lynch, Pierce, Fenner & Smith Incorporated, as sole lead arranger and sole bookrunner, Morgan Stanley MUFG Loan Partners, LLC, as syndication agent, and Citibank, N.A., PNC Bank, National Association and JPMorgan Chase Bank, N.A., as co-documentation agents.

The Revolving Credit Agreement provides for a senior unsecured $150 million five-year revolving credit facility (the “Revolving Credit Facility”) that includes a $25 million swing line sub-facility. The Company may also, subject to the agreement of the applicable lenders, increase the commitments under the Revolving Credit Facility by up to $100 million, for a total of $250 million. Subject to specified conditions, the Company may designate one or more of its subsidiaries as additional borrowers under the Revolving Credit Agreement provided that it guarantees all borrowings and other obligations of any such subsidiaries. As of June 30, 2018, no subsidiaries were designated as additional borrowers.

Funds borrowed under the Revolving Credit Agreement may be used to fund working capital and for other general corporate purposes. As of June 30, 2018, no borrowings were outstanding under the Revolving Credit Agreement. Accordingly, at June 30, 2018, $150 million of borrowing capacity was available for the purposes permitted by the Revolving Credit Agreement.

Loans under the Revolving Credit Agreement will bear interest, at our option, at either (i) LIBOR periodically fixed for an interest period (as selected by us) of one, two, three or six months plus a margin (based on our public debt ratings) ranging from 1.00 percent per annum to 1.75 percent per annum or (ii) a daily floating rate based on our prime rate (subject to certain minimums based upon the federal funds effective rate or LIBOR) plus a margin (based on our public debt ratings) ranging from zero percent per annum to 0.75 percent per annum.

Subject to certain conditions stated in the Revolving Credit Agreement, the Company may borrow, prepay and reborrow amounts under the Revolving Credit Facility at any time during the term of the Revolving Credit Agreement. The Revolving Credit Agreement will terminate and all amounts owing thereunder will be due and payable on December 15, 2021, unless the commitments are terminated earlier, either at our request or, if an event of default occurs, by the Revolving Lenders (or automatically in the case of certain bankruptcy-related events). The Revolving Credit Agreement contains customary representations, warranties and affirmative and negative covenants for facilities of its type, including financial covenants, events of default and indemnification provisions in favor of the Revolving Lenders. The negative covenants include restrictions regarding the incurrence of liens, the incurrence of indebtedness by our subsidiaries and fundamental changes, subject to certain exceptions in each case. The financial covenants require us to meet a quarterly financial test with respect to a minimum consolidated interest coverage ratio of not less than 4.00 to 1.00 and a maximum consolidated leverage ratio of not greater than 3.50 to 1.00. At June 30, 2018, the Company was in compliance with these covenants.

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Loan and Notes Payments and Contractual Interest

The future expected loan repayments related to the Term Loan Agreement and the Notes as of June 30, 2018 are as follows (in millions):

2018	$ —
2019	300.0
2020	—
2021	275.0
2022	—
Thereafter	650.0
Principal amounts repayable	1,225.0
Debt issuance cost	(5.8)
Unamortized discounts on notes	(5.1)
Total debt outstanding	$ 1,214.1

Interest expense recognized on the Term Loan Agreement and the Notes is included in interest expense, net in the condensed consolidated statements of income, for the three months and six ended June 30, 2018 and 2017 is as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Components of interest expense:				
Contractual interest	$ 9.5	$ 10.9	$ 18.9	$ 18.5
Amortization of debt discount	0.2	0.2	0.4	0.2
Amortization of debt issuance cost	0.5	1.4	0.9	2.3
Interest expense	$ 10.2	$ 12.5	20.2	21.0
Interest income	(0.9)	—	(1.3)	(0.6)
Interest expense, net	$ 9.3	$ 12.5	$ 18.9	$ 20.4

12. ACCUMULATED OTHER COMPREHENSIVE INCOME, NET

The following represents the changes in accumulated other comprehensive income by component (in millions):

	Foreign Currency	Unrealized	Total Accumulated Other

	Translation Adjustment	Investment Gain/Loss	Post-Retirement Benefits	Comprehensive Income
Balance at December 31, 2017	$ 51.3	$ 0.2	$ (0.8)	$ 50.7
Other comprehensive income (loss)	(15.5)	—	(1.0)	(16.5)
Balance at June 30, 2018	$ 35.8	$ 0.2	$ (1.8)	$ 34.2

13. FAIR VALUE MEASURMENTS

Fair value is the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk, including the Company's own credit risk.

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The Company applied Financial Accounting Standards Board ASC 820, Fair Value Measurement and Disclosure, which provides guidance for using fair value to measure assets and liabilities by defining fair value and establishing the framework for measuring fair value. ASC 820 applies to financial and nonfinancial instruments that are measured and reported on a fair value basis. The three-level hierarchy of fair value measurements is based on whether the inputs to those measurements are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. The fair-value hierarchy requires the use of observable market data when available and consists of the following levels:

- Level 1—Unadjusted inputs based on quoted markets for identical assets or liabilities.
- Level 2—Observable inputs, either direct or indirect, not including Level 1, corroborated by market data or based upon quoted prices in non-active markets.
- Level 3—Unobservable inputs that reflect management's best assumptions of what market participants would use in valuing the asset or liability.

The Company has included a tabular disclosure for financial assets and liabilities that are measured at fair value on a recurring basis in the condensed consolidated balance sheet as of June 30, 2018 and December 31, 2017.

Instruments Measured at Fair Value on a Recurring Basis

The following tables present the Company's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2018 and December 31, 2017 (in millions):

	June 30, 2018			
	Total	Level 1	Level 2	Level 3
Assets:				
U.S. Treasury securities	$ 131.8	$ 131.8	$ —	$ —
Money market funds	2.5	2.5	—	—
Total assets	$ 134.3	$ 134.3	$ —	$ —
Liabilities:				
Contingent consideration liabilities	$ 2.2	$ —	$ —	$ 2.2
Total Liabilities	$ 2.2	$ —	$ —	$ 2.2

	December 31, 2017			
	Total	Level 1	Level 2	Level 3
Assets:				
U.S. Treasury securities	$ 47.3	$ 47.3	$ —	$ —
Money market funds	2.5	2.5	—	—
Total assets	$ 49.8	$ 49.8	$ —	$ —
Liabilities:				
Contingent consideration liabilities	$ 56.6	$ —	$ —	$ 56.6
Total Liabilities	$ 56.6	$ —	$ —	$ 56.6

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The following is a description of the Company's valuation methodologies used for instruments measured at fair value on a recurring basis:

Financial investments

Financial investments consist of highly liquid U.S. Treasury securities. These securities are valued by obtaining feeds from a number of live data sources, including active market makers and inter dealer brokers and therefore categorized as Level 1.

Contingent consideration liabilities

In connection with the acquisition of Bats and the acquisition of the assets of Silexx Financial Systems, LLC ("Silexx"), the Company acquired contingent consideration arrangements with the former owners of Cboe FX and Silexx, respectively. The total fair value of the liabilities at June 30, 2018 was $2.2 million. The fair values are based on estimates of discounted future cash payments, a significant unobservable input, and are considered a Level 3 measurement.

Fair Value of Financial Instruments

The following table presents the Company's fair value hierarchy for those financial instruments held by the Company as of June 30, 2018 and December 31, 2017 (in millions):

	June 30, 2018			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 140.0	$ 140.0	$ —	$ —
Financial investments	131.8	131.8	—	—
Accounts receivable	252.2	252.2	—	—
Total assets	$ 524.0	$ 524.0	$ —	$ —
Liabilities:				
Accounts payable	$ 11.1	$ —	$ 11.1	$ —
Section 31 fees payable	189.9	—	189.9	—
Contingent consideration liabilities	2.2	—	—	2.2
Debt	1,214.1	—	1,214.1	—
Total liabilities	$ 1,417.3	$ —	$ 1,415.1	$ 2.2

	December 31, 2017			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 143.5	$ 143.5	$ —	$ —
Financial investments	47.3	47.3	—	—
Accounts receivable	217.3	217.3		